

HLB MORTGAGE SERVICES CORP.

6 Christine Drive, Chestnut Ridge, New York 10977 (845) 620-1422 (845) 735-4430 fax

hlbmortge@aol.com www.hlbrealtors.com

Loans arranged by 3rd party providers

Re: Docket No.R-1305

Board of Governors
Federal Reserve System:

Sirs:

I am owner operator of HLB Mortgage Services Corp. I have been originating mortgages in the same location in Rockland County, State of New York for 20 years. I have provided personal services and counseling to borrowers who were seeking to purchase their homes or refinance. I am an Independent Mortgage Broker and have provided these services to many of which are mostly referrals and repeat borrowers.

My experience in working so many years personally with these individuals have enabled me to assist those persons, who were mostly renters, to purchase their homes that they could afford. I would counsel those who were unqualified as to how they could attain the American dream and become a homeowner. As a result of this personal service many referred their friends and returned to me for additional services.

I am proud of the personal services I have provided to these borrowers, all of which, needed a professional they could trust. I guided them throughout the entire process both during and after the transaction. They experience the comfort level and mitigate the stress that comes with face to face communication and not just a voice, impersonal website, or with someone who is here to day and gone the next.

I concur and express strong support for the consumer protection goals of the Federal Reserve Board's amendments to Regulation Z, but equally oppose the proposal to restrict compensation for mortgage brokers. Penalizing or vilifying mortgage brokers will not engender public confidence but instead create a backlash on all mortgage brokers and those who did business with them. The years of cultivating trust and building relationships will be nullified by the perceived lack of confidence in the veracity, honesty, and competence in their personal broker, if the Board of Governors of the Federal Reserve System ratifies this proposal. News outlets and media headlines will read as much and perpetuate that perception to the public. It will be a severe hindrance to have to consistently deny the rationale behind the Board of Governors decision to isolate Brokers in this proposal.

Mortgage Brokers are the honest intermediary between borrowers and lenders. Our role to the real estate transaction has value added not simply by our impartiality to the parties but by our human compassion to aid them in achieving their goals. We assist in securing in a timely fashion, all documents that are required to make the transaction smoother and

fulfill all requirements that the lenders request in order to bring the transaction to a close. It is the Mortgage Brokers who bring the buyers, sellers and lender to the table. We work in tandem with the realtors, attorneys, lender attorneys and title companies to achieve this all within a timely fashion.

We are also put into a position to compete with direct lenders. They advertise, "we lend the money, we do not arrange loans by 3rd party providers." This is most deceptive to borrowers because when they apply on line or call the 800 numbers, they will get a call from a loan originator from another state or a voice on a telephone that do not face the borrower. They call themselves direct lenders but instead package and resell the loans to 3rd party providers. This is a most callous and deceptive business practice, we honest Mortgage Brokers find offensive.

I have had the disturbing experience being alerted by clients that "HLB Mortgage" was no longer in business. I notified the Banking Department that someone else had used my name to provide Mortgage Broker services. It had confused the Consumer and has been a detriment to my business. These illegitimate lenders clone legitimate names like mine, as a conduit of a larger company. This is a gross dis-service to the consumer because if they call, ABC BANKERS, and another company with a different name or a name similar to an independent other than which they believed they hired will then process them. If you walk into a business whose branding and reputation is trusted and find out they are not who you thought they were, it causes a diminished confidence in all such businesses. That is what we are experiencing by such perfidious practices.

Regarding the disclosures, it is totally unfair that only insured, licensed and trained mortgage brokers are required to file disclosures while the same requirements do not apply to mortgage originators. Filling out the blanks of a standard form 1003 does not qualify an Originator to be equal to a Mortgage Broker. This is inherently unfair and the cause of much of the maladies and failure to comply with ethical standards affecting our industry. When you entrust your care to a Doctor, you do not entrust the form filler to perform the medical procedure.

When we initially meet with a borrower, we first determine what their qualifications are and if in fact they qualify for a mortgage. At that point we complete the application, have them sign all disclosures and give them a Good Faith Estimate, which shows what the maximum yield spread premium we would receive. We could only estimate because we do not know at that point what the actual cost would be for that loan or product that they would qualify for. Only then we can actually disclose what the actual fees will be which will be in the HUD. It is unfair for only mortgage brokers but not the loan originators to disclose their compensation. This practice enables to surprise the borrower with their fees after the loan is made. It also enables them to steer consumers away from brokers, even if brokers offer more favorable loans, because they mislead them in thinking their fees would be less, when in fact they are hidden and undisclosed.

It is very difficult if not impossible to give precise dollar estimates of fees a broker will charge in any given transaction even before an application is submitted, since the broker

does not yet know the prospective borrower's financial status, transaction details, type of product sought, or amount of loan, all of which may vary as the transaction progresses. Also the yield-spread premiums are much more than just compensation this is used to pay certain costs and does facilitate the loan transaction.

We have complied with all of the Banking Regulations, i.e. fingerprinting, Bonding, and most lately registering with the National Mortgage Origination Registry, so that those of us who have been legitimately doing business can remain in business. I have always complied with these requirements. I also respect these requirements because it protects both the consumer and the legitimate broker.

I understand that in other states the requirements have been easier but the strict requirements in New York, should separate us from those states where there has been more abuses.

On behalf of the Mortgage Broker industry, based on my extensive experience, I urge a level field of competition. All loan originators should abide by the practices required of all Mortgage Brokers equally or all Mortgage Brokers abide by the practices currently conducted by loan originators equally; Either we all disclose truth in lending or not.

I further wish to thank the Board of Governors of the Federal Reserve for considering my comments.

Respectfully

Hope Lopez Beauchamp
President, Broker
HLB Mortgage Services Corp.